

PRIORITY

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| <b>DISPATCH</b> |   | CLASSIFICATION<br><b>SECRET</b> | DISPATCH SYMBOL AND NO.<br><b>ESDA-57520</b>   |
| TO<br>INFO      | Chief, XX through Chief of Station, Germany       |                                 | HEADQUARTERS FILE NO.<br>[ ]<br><b>Field File 1-14539</b>                                  |
| FROM            | Chief of Base, Berlin                             |                                 | DATE<br><b>25 May 1959</b>   |
| SUBJECT         | Operational/CADDSY<br>Proposed Termination of [ ] |                                 | RE: "43-3" — (CHECK "X" ONE)<br>[ ] MARKED FOR INDEXING<br><b>XXX</b> NO INDEXING REQUIRED |
| ACTION REQUIRED | Advice re paragraph 5.                            |                                 | INDEXING CAN BE JUDGED BY QUALIFIED HQ. DESK ONLY  |

REFERENCE(S)

**Synopsis:** This dispatch recommends the termination of [ ] KUBARK relationship. We met with [ ] on 11 May and established that he is prepared to terminate his relationship with us. He will accept a net of DM 40,000 in settlement of all claims against KUBARK, in the knowledge that it is unlikely that KUBARK can allow the charges against him and other STILKE members to go to trial, and that if the charges by any chance come to trial, he has the ultimate resort of claiming Ordinance 511.

1. Since late summer 1958 [ ], for our convenience and at our direction, has remained away from West Berlin. He spent the first two months of his "exile" on a trip through Western Europe. This trip was followed by two months of residence in England. He returned to the Continent in January 1959 and took up residence in Arnheim, Holland, where he has remained to the present time. During the last two months or so, he has made forays into West Germany, visiting Hamburg, Bonn, Hannover, Munich, and perhaps other cities. To the best of our knowledge he has been extremely cautious as to his activities during these visits to Germany and as far as we know has avoided stepping on any political toes. We know that he has been in touch with KAERGIESER, the Secretary of Rottet die Freiheit, and Major Fred SACHSE of the Defense Ministry, who is one of the key people in Rottet die Freiheit. We also know that he has discussed employment possibilities with these two individuals; e.g., [ ] informed us that he was told by SACHSE that he would have to wait at least until 1961 (cooling off period) before he could expect employment within the Rottet die Freiheit complex. [ ] also told us that he has been looking around for a position within the West German industrial field (e.g., public relations, personnel administration, advertising, etc.) but that he has not as yet uncovered any promising leads.

2. During [ ] long exile we have met with him on three occasions since January 1959. In the course of these meetings we have watched for an appropriate opening to broach with him the subject of terminating his KUBARK connection. During the first two meetings with him (in January and March 1959) it was clear to the case officer that [ ] was totally consumed with misgivings

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arising from the outstanding criminal charges and that he would not consider discussing a termination of his relationship with us until more was known about the disposition of the charges. In fact, he was rather insistent upon our getting some sort of statement from the West Berlin States Attorney indicating that no charges in the formal legal sense were pending against him. When we met with him on 11 May, however, it was clear that his forebodings regarding the charges had diminished significantly, that he was seriously concerned about beginning to do something about his future, and that he was prepared to discuss a parting of the ways with us. Although his concern about money in relation to his future was obvious throughout the meeting, he made no demands in this regard. The insecurity of his current position and the long months of waiting for a decision in connection with the criminal charges have taken much of the steam out of him. The inexhaustible enthusiasm which he constantly demonstrated during his DTLINEE days was no longer apparent. (He don't mean to imply that [ ] has lost his push and won't bounce back -- we are rather certain that he will.)

3. We judged during our 11 May meeting with [ ] that he was ripe for termination, and we initiated a discussion of the subject with him:

a. He proposed to [ ] that if we could reach agreement on terms, perhaps we could break off our relationship in June. He assured him that the problems presented by the various outstanding criminal charges against [ ] and DTLINEE members were currently well in hand and that it was certainly unlikely KUBARK would let the charges come to trial; if the unlikely happened, there was always Ordinance 511, as he himself had frequently noted. Although not opposed to the idea, [ ] did not embrace it enthusiastically. He took the position that because he had no idea of what would be done with the charges, he could make no judgment as to whether or not June might be an appropriate time to terminate our relationship. He left this decision to the case officer, and appeared satisfied when the case officer stated that June appeared an appropriate time.

b. We then discussed the possible terms of a settlement. The case officer asked for [ ] own views as to a fair settlement under the current circumstances. After initial hesitation and references to conversations held with him at various times during 1958 [ ] with a smile, and in the clear realization that this was a starting bid, suggested DMV 100,000. After some discussion, the case officer suggested that a net cash settlement of DM 40,000 might be regarded as fair and equitable by his Headquarters, considering all circumstances. This figure was acceptable to DTLINEE-1. The case officer said he would submit the matter to his superiors and could notify [ ] at the beginning of June whether or not this was in fact acceptable. It was emphasized to [ ] that if this sum were to be paid, it would satisfy all claims, regardless of nature, which [ ] felt he had on KUBARK, including any expenses incurred in moving his dependents and effects out of West Berlin in connection with resettlement in West Germany or elsewhere.

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4. It is our strong feeling that DM 40,000 quite likely is the minimum settlement through which we currently can terminate our relationship with [ ] on an amiable basis. Related to the fact that the alternative to immediate termination is indefinite continuation of his salary payments, DM 40,000 (\$9,524) appears a reasonable settlement figure. Section 7 of his contract, which appears to apply most nearly to the existing circumstances, calls for the payment of three months' gross salary; an additional payment of one month's gross salary for each year of service but not to exceed six years; and resettlement assistance, including transportation and emergency housing costs for a period not exceeding three months. The provisions above would translate into nine months' gross salary at DM 2,575 monthly, or DM 23,175, plus costs of "resettlement". These latter costs, were it necessary to pay them, easily could run upwards of DM 10,000 in [ ] case under even a narrow definition of "resettlement". By terminating our relationship with him now, we will spare ourselves both indefinite continuation of his salary payments and participation in his resettlement outside of West Berlin. Continued contact with him quite likely also would involve us in any new problems with which [ ] may be faced in the future. In this regard, we think immediately of rumors recently brought to our attention by [ ] to the effect that [ ] wife is thinking of divorcing him and may name Ulrika THOMPSON, formerly of DTLINEN's Hannover office, as corespondent. [ ] allegedly has been intimate with Fran THOMPSON. If a divorce action is pursued and infidelity is established, [ ] wife undoubtedly would receive a generous alimony settlement. Although KUBARK would bear no responsibilities in such a situation, there is no question we would be faced with a sticky handling problem if we are still in contact with him if and when this divorce action develops.

5. In view of the foregoing, it is our strong feeling that we should proceed with the termination of [ ] as quickly as possible. We propose, therefore, that we meet with [ ] at the beginning of June and draw up a termination agreement with him calling for payment to him by KUBARK of DM 40,000.00 in settlement of KUBARK obligations in his case. We would like to complete his termination on or before 15 June and request, therefore, your comments or concurrence by 5 June if possible.

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